

KFTC imposes corrective measures on Naver for favoring its own real-estate search, shopping, and video services over competitors

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Anti-Monopoly Division

The Korea Fair Trade Commission (led by Chairperson Sungwook Joh, hereinafter referred to as the "KFTC") decided to impose corrective orders and a fine of KRW 1.32 billion on Naver Co., Ltd. (hereinafter referred to as "Naver") for banning its contracted contents providers from providing information on properties for sales to a third party.

To be more specific, Naver prevented the contents providers from signing deals with its rival Kakao Corp., Ltd. (hereinafter referred to as "Kakao") by inserting a clause that prohibits them from giving away information on properties for sale to other platforms. This made it virtually impossible for Kakao to enter the online real estate market. This is the first case taken by a special Information and Communication Technology Task Force (hereinafter referred to as "ICT Task Force") and it is meaningful in that corrective measures were imposed on an online platform that prevented the contents providers from signing deals with its rival (preventing multi-homing) by abusing its platform monopoly.

In addition, the KFTC imposed corrective measures on Naver for manipulating its shopping and video services search algorithms to place its own services (Smart Store products, and Naver TV contents) on the top of search results while lowering the rankings of products sold by competitors. It fined Naver's shopping service KRW 26.5 billion and its video service KRW 200 million respectively. By manipulating search results and rankings, Naver deceived consumers who trusted the results, as well as hindering competition in online markets and video platforms. It is the first time that the KFTC imposed corrective measures on a platform operator with a dual role* for "self-preferencing" search results by manipulating and adjusting the search algorithms in its favor.

*A dual role as an intermediary and a competitor of online stores using its platform

The KFTC's decision sends a clear message that for a search engine, the following conducts may constitute a violation of the Monopoly Regulation and Fair Trade Act if it affects competition in the market: (i) giving additional points to its own products and services in determining the rankings on its search results; and (ii) changing search algorithms and not notifying its competitors of such changes.

Amidst the rapidly growing contactless transactions, it is expected that the KFTC's measures will contribute to establishing a fair competitive order in various forms of transactions based on online platforms, and protecting consumer choice. The KFTC will remain vigilant in monitoring unfair practices by platform operators.

<Facts of violation and measures imposed>

Area	Facts of violation	Measures
Real estate	<ul style="list-style-type: none"> · Signing an exclusive dealing with contents providers to prevent them from providing information to other competitors 	<ul style="list-style-type: none"> · Corrective order · A fine of KRW 1 billion
Shopping	<ul style="list-style-type: none"> · Manipulating its search algorithms to place products of online stores using its services at the top of search results 	<ul style="list-style-type: none"> · Corrective order · A fine of KRW 26.5 billion
Video	<ul style="list-style-type: none"> · Distorting search results by giving additional points to its own contents, or changing algorithms and not notifying the competitors of such changes 	<ul style="list-style-type: none"> · Corrective order · A fine of KRW 200 million

※ Fine amounts are subject to change due to the calculation of relevant turnovers.

**The Korean text of the documents is confirmed to be authentic and English version is only for reference.*